



State of California  
**Employment Training Panel**

Training Proposal for:  
**MedicAlert Foundation**

**Agreement Type: \$75,000 or Less**

**Agreement Number: ET09-0293**

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **Sacramento**

Analyst: K. Ohta

**CONTRACTOR:**

- Type of Industry: Services:  
Priority Industry: ☐ Yes ☒ No
- Contractor's # of Full-Time Employees
  - California: 75
  - Worldwide: 125
  - Number to be trained: 65
- Manager/Supervisor: 0%
- Turnover Rate: 31%
- Repeat Contractor: ☒ Yes ☐ No
- Substantial Contribution: ☐ Yes ☒ No

**CONTRACT:**

- Training Project Profile: HUA/Retrainee
- ETP Funding Amount: \$49,500
- In Kind Contribution: \$75,000
- Average Cost per Trainee: \$1,125
- Post Retention Wage: \$12.85
- Health Benefits: \$1.33 per hour
- Occupations to be Trained: Customer Service

- Training Menu:
 

<input checked="" type="checkbox"/> Business skills	<input type="checkbox"/> Literacy skills
<input checked="" type="checkbox"/> Commercial skills	<input type="checkbox"/> Management skills
<input checked="" type="checkbox"/> Computer skills	<input type="checkbox"/> Manufacturing skills
<input type="checkbox"/> Cont. Improvement	<input type="checkbox"/> Other:
- Advanced Technology: ☐ Yes ☒ No
- Range of Hours: 24 - 200 Weighted Average: 120
- Multiple Job Numbers: ☒ Yes ☐ No
- County(ies) Served: Stanislaus
- Union Representation: ☐ Yes ☒ No
- Subcontractor: None
- Third Party Services: None

## **INTRODUCTION**

In 1956 Dr. Marion Collins founded MedicAlert Foundation (MedicAlert) in order to provide a simple way for first responders and medical practitioners to be made aware, through body-worn emblems, of any known allergies or related conditions a patient may suffer. Today, over four million members are served by MedicAlert, which also provides support through its 24-hour Emergency Response Center.

MedicAlert provides members with body-worn emblems, generally wristbands or necklaces, engraved with medical information intended to alert first responders and other medical personnel to any life-threatening conditions such as allergies to medications.

Over 85% of MedicAlert's customer base is located outside of California; therefore, the company is eligible under Title 22, California Code of Regulations (CCR), Section 4416(d)(4) for standard retraining as an employer providing services directly to out-of-state customers where revenues derived directly from this service comprise at least 25% of gross annual revenue.

According to company representatives, MedicAlert is requesting ETP funding to provide its employees with the skills necessary to be proficient in medical terminology and human anatomy, as well as other medical knowledge including medications, dosages, treatments, diagnosis, systems, medical conditions, and procedures.

MedicAlert is proposing to provide between 24 - 30 hours of training in Job Number 1 for the existing customer service staff; in addition to providing 24 – 200 hours of training in Job Number 2 for newly hired customer service staff. The training outlined in the proposal will provide training needed to become a higher performance workplace, to increase efficiency, maintain high product quality, and customer satisfaction levels while enhancing its competitive edge.

## **Turnover Rate**

The ETP program is designed to fund training for stable, secure jobs. Thus, the employer's turnover rate cannot exceed 25% annually for the facility where training is requested. But the Panel may accept a higher turnover rate if the employer provides evidence that the proposed training will significantly decrease the turnover, or if the employer experienced a recent significant reduction in force, or if industry data supports a higher turnover rate. (Title 22, CCR,

Section 4417(a).) According to company representatives, MedicAlert reached an unexpected turnover rate of 31% for the past twelve months. During the past year, MedicAlert restructured the organization to include a new President and CEO. With its current success, MedicAlert is optimistic that its turnover rate will significantly decline and allow MedicAlert to grow.

Company representative's state MedicAlert is implementing the following changes to reduce and keep its turnover rate below 25% and remain competitive in the California economy:

- \* Provide employee development and training with ETP financial assistance
- \* Hire experienced customer service agents
- \* Provide annual merit and cost of living salary increases
- \* Provide managers with leadership training in collaboration with Performance Solutions International.

If the Panel chooses to fund this training despite the company's high turnover rate, it may impose a penalty whereby failure to stay under a maximum rate will result in the loss of the final payment (25% of reimbursable costs). The maximum turnover rate is typically 20%, as measured by turnover during the final 12 months of the ETP Agreement. (Title 22, CCR, Section 4417(a).)

However, it is Panel policy to set a higher trigger for the turnover penalty for smaller companies given that employee attrition is disproportionate to a 20% standard when there are fewer than 100 employees. Accordingly, ETP may withhold the final 25% of the cost per trainee amount, if the company can not maintain at least a 25% turnover during the final 12 months of the Agreement.

### **RECOMMENDATION**

For the reasons set forth above, staff recommends approval of this proposal, including the high turnover rate withhold if the company does not maintain at least a 25% turnover rate during the final 12 months of the Agreement.

### **PRIOR PROJECTS**

The following table summarizes performance by the company under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned
*ET05-0245	Turlock	02/02/05-02/01/07	\$94,874	\$54,600

\*Although MedicAlert only earned 58% of the ETP funding during this Agreement, it found ETP funding to be of great assistance in providing necessary training to its employees.